

THE LEONARD LETTER

April 5, 2004

TAX TIPS

*****Free NetFile Service*****

If you are getting nervous because the April 15 deadline for filing income taxes is quickly approaching, consider this time- and cost-saving option. The Franchise Tax Board's NetFile program is designed to allow millions of Californians to e-file their returns for free. Returns go directly to the FTB, and the system is easy to use. When you file your return using NetFile, you can get a fast refund or choose to pay the amount you owe electronically. FTB will give you confirmation that your return was filed and keep only the final return information you file. To use this system, you must be filing a 2003 California personal income tax return and have been a California resident for all of 2003. There are some other qualifications, which you can read at [NetFile qualifications](http://www.ftb.ca.gov/online/netFile/qualifications). To learn more, see <http://www.ftb.ca.gov/online/netFile/index.html>. For those who use this service I would be interested in hearing any critique you might have.

*****Another April 15 Deadline*****

As if the income tax deadline on April 15th is not consuming enough, wholesalers, distributors and retailers also face that day as the deadline for obtaining a license to sell cigarette or tobacco products in California. If you are wholesaler, distributor or retailer of tobacco products and have not received an application for each location where you will be selling those products this year, contact the BOE information center at 1-800-400-7115 and select the "Cigarette and Tobacco Program" option. If you have received your application, be sure to return it by the deadline. The new law requiring these licenses carries penalties for noncompliance, including restrictions on sale of tobacco or cigarettes and criminal prosecution.

UNDER THE DOME

*****Serving Lawyers at Taxpayers' Expense*****

There is a proposal before the Legislature seeking to create a new state Tax Court that would hear tax appeals rather than the Board of Equalization (BoE). Currently, any taxpayer can come before the Board of Equalization and present their point of view -- with or without an attorney-- because the process is fairly informal. Taxpayers do not have to familiarize themselves with legal jargon or worry that there is secret code of conduct when coming before the Board. The state Tax Court idea, however, is modeled on the United States Tax Court and the procedural rules for that body cover more than 200 pages. The table of contents for this document is larger than the BoE's entire Rules

of Practice. I submit that the average California taxpayer would not fare well before such a body without a highly trained and expensive attorney. I also disagree with having five attorneys appointed by the Governor take the place of the Constitutionally-mandated and voter-elected Board. The last thing this Legislature needs to do is pass another Full Employment for Lawyers Act. This bill should be killed in its very first committee.

ISSUE FOCUS

****CPR II****

Last week I began a profile of the Governor's ambitious California Performance Review. The first phase of the project is a review of and recommendations for restructuring the executive branch. I expect the Governor will make a separate announcement about this aspect of the project, probably when the legislature returns from its spring break next week.

The second charge to the project, which I will discuss today, is Program Performance Assessment and Budgeting. When the state budget is proposed and debated every year, there are rarely significant changes from the prior year. That is because the prior year's budget becomes the baseline for the following year, adding to the cycle of growth in spending that has gotten us in this upside-down mess. Instead of assuming that any particular program is functioning well and deserving of growth, the services provided should be evaluated regularly. CPR intends to undertake detailed and rigorous assessments, focusing on priorities, return on program investment and effective program management. The state will then be able to make program elimination and or modification decisions and budget choices based on these evaluations, rather than on raw emotion or political demagoguery. Of course, the first step to such an open process is discovering the true costs of programs. Once we determine those costs and link them to actual services provided, we will also be able to compare our programs with those in other states. The goal, CPR says, is to make the state's budget process into a management tool rather than just a financial exercise.

If Governor Schwarzenegger can accomplish even a portion of this ambitious agenda he will have advanced responsible fiscal management beyond what any other Governor has been able to do.

*****Living Under God*****

The Pledge of Allegiance lawsuit has brought forward a number of opinions about God in American history. Even though I very much disagree with the atheist who brought the lawsuit, I find myself stunned at the report of the questions he received by one of our U.S. Supreme Court Justices. The Justice made the point that the words "under God" might be so devoid of religious significance that they fail to cross any line be church and state. I actually agree with the atheist that the words "under God" are filled with meaning, and not, as the Supreme Court Justice intimated, that they have become simply a vacuous

recitation. The reason they do not violate the Constitution is because they do not *establish* a state church; rather they acknowledge the fact that our nation was founded on divine principles and our leaders and our people have called upon God to bless this nation. My prayer is that whatever happens in this court case, our Justices will figure out that "under God" is filled with power and blessings.

BOE AND LEGISLATIVE DATES

April 12, 2004 --- Legislature reconvenes from Spring (formerly Easter) break

April 13, 2004 --- Board of Equalization meets in Sacramento

April 15, 2004 --- Last day for policy committees to hear and report fiscal bills

April 20, 2004 --- Victims Rights March on the Capitol in Sacramento

May 7, 2004 --- Last day for policy committees to hear and report non-fiscal bills

NOTABLE DATES/ HISTORY

April 5, 1792 --- U.S. President George Washington cast the first presidential veto. The measure was for apportioning representatives among the states.

April 5, 1768 --- First U.S. Chamber of Commerce formed (New York, NY)

April 5, 1941 --- In San Francisco, Castro & Fillmore, streetcars replaced by buses

April 6, 1789 --- The first U.S. Congress began regular sessions at the Federal Hall in New York City.

April 6, 1956 --- Capitol Tower, the home of Capitol Records in Hollywood, CA, was dedicated. It was the first circular office tower designed in America. It stands 13 stories tall and 92 feet in diameter.

April 7, 1998 - Mary Bono, the widow of Sonny Bono, won a special election to serve out the remainder of her husband's congressional term.

April 8, 1913 --- 17th amendment, requiring direct election of senators, ratified

April 8, 1986 --- Clint Eastwood was elected mayor of Carmel, CA.

April 9, 1865 --- General Robert E. Lee and his 26,765 troops surrendered to Union General Grant at Appomattox Court House in Virginia. This event was effectively the end of the U.S. Civil War.

April 9, 1959 --- NASA announced the selection of America's first seven astronauts.

April 9, 1963 --- Sir Winston Churchill proclaimed honorary U.S. citizen in White House ceremony

April 10, 1790 --- U.S. Patent system was established

April 10, 1878 --- California State Cable Car Railroad Company began service

April 11, 1951 --- President Harry Truman fired General Douglas McArthur

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office, call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard
Board of Equalization
400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Email: bill.leonard@billleonard.org